

TRANSCRIPT PREPARED BY THE CLERK OF THE LEGISLATURE
Transcriber's Office

January 26, 1999 LB 293

Legislature. LB 293 would establish a trust fund for the plugging of oil wells. This state has about 3,000 oil wells. Because of the fact that the price of oil has diminished to about \$8 a barrel here in Nebraska, about a third of those wells are inactive, in other words they're not being pumped. Eventually, a number of them may be abandoned. The present law requires a bond to be posted by operators of oil wells, but there are difficulties with the renewal of those bonds. What this bill would do would be to impose on the oil industry itself a \$200 a year fee for each inactive oil well after it has been inactive or unproductive for two years. It would build a fund that would enable the Oil and Gas Conservation Commission to pay the expense of plugging abandoned oil wells and this would eliminate the necessity of coming to the Legislature for a General Fund appropriation for this. It's not a great problem at the present time. The Oil and Gas Commission is handling it well. Abandoned oil wells are being plugged. Under the supervision of the commission, each well is inspected, but this will take care of potential future problems. I would reiterate that this does not involve any tax money. It is a fee which the industry is going to impose upon itself to build a fund to meet this possible problem in the future. If there are any questions concerning this matter, I would be happy to respond. I would also mention that Senator Baker is a cointroducer. He has had practical experience in the drilling and operating of oil wells and is really sort of an expert in the field, in case anyone would have any questions. I would ask that this bill be advanced to Select File.

PRESIDENT MAURSTAD: Thank you, Senator. Chair recognizes Senator Beutler.

SENATOR BEUTLER: Senator Matzke, members of the Legislature, Senator Matzke, if I could explore the bill with you just a bit, I would like to do so. I know we had...

PRESIDENT MAURSTAD: Senator Matzke.

SENATOR BEUTLER: ...some discussions for openers with regard to how these wells were plugged once they were abandoned, and I was wondering if you could explain to the body that plugging process that takes place with regard to an oil well, because I think